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FOR WIRE TRANSMISSION: 8:30 A.M. EST, FRIDAY, MARCH 12, 2004

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BEA 04-11

Recorded Message: 606-5362

U.S. International Transactions: Fourth Quarter and Year 2003

Fourth Quarter

Current Account

The U.S. current-account deficit--the combined balances on trade in goods and services, income, and net unilateral current transfers--decreased to \$127.5 billion (preliminary) in the fourth quarter of 2003 from \$135.3 billion (revised) in the third. The decrease was more than accounted for by a large increase in the surplus on income and an increase in the surplus on services. These increases were partly offset by increases in the deficit on goods and in net outflows for unilateral current transfers.

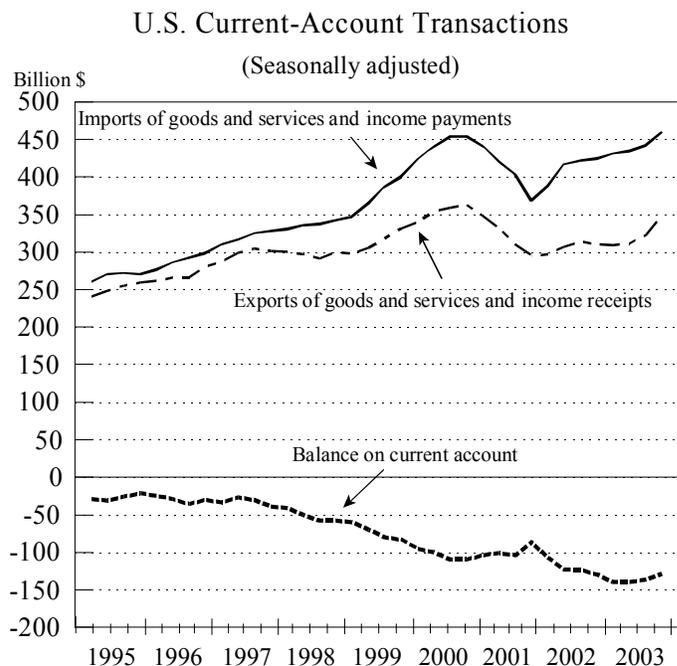
Goods and services

The deficit on goods and services increased to \$122.9 billion in the fourth quarter from \$121.6 billion in the third.

Goods The deficit on goods increased to \$139.2 billion in the fourth quarter from \$136.2 billion in the third.

Goods exports increased to \$188.3 billion from \$177.8 billion. More than half of the increase was accounted for by a step-up in capital goods; all other major commodity categories also increased.

NOTE: This news release is available on BEA's Web site at <www.bea.gov/bea/rels.htm>.



Goods imports increased to \$327.5 billion from \$314.0 billion. The increase was more than accounted for by increases in consumer goods, in automotive products, and in capital goods.

Services The surplus on services increased to \$16.3 billion in the fourth quarter from \$14.6 billion in the third.

Services receipts increased to \$80.6 billion from \$77.1 billion. The largest increases were in travel, in “other” private services (such as business, professional, and technical services, and financial services), and in “other” transportation (such as freight and port services).

Services payments increased to \$64.3 billion from \$62.5 billion. Much of the increase was in “other” private services and in travel.

Income

The surplus on income increased to \$12.5 billion in the fourth quarter from \$3.0 billion in the third.

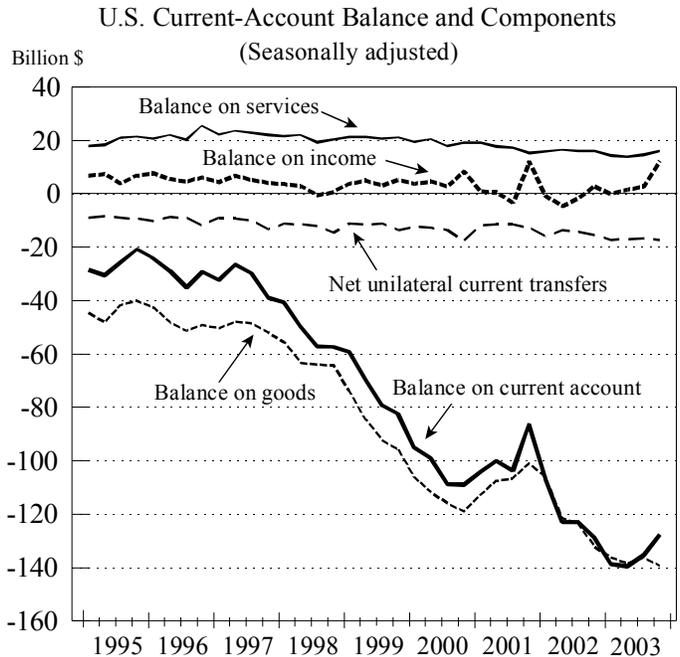
Investment income Income receipts on U.S.-owned assets abroad increased to \$79.7 billion from \$67.8 billion. The increase was almost entirely accounted for by a large increase in direct investment receipts.

Income payments on foreign-owned assets in the United States increased to \$65.9 billion from \$63.5 billion. “Other” private payments (which consists of interest and dividends), direct investment payments, and U.S. Government payments all increased.

Compensation of employees Receipts for compensation of U.S. workers abroad were virtually unchanged at \$0.8 billion. Payments for compensation of foreign workers in the United States were virtually unchanged at \$2.1 billion.

Unilateral current transfers

Unilateral current transfers were net outflows of \$17.2 billion in the fourth quarter, up from net outflows of \$16.7 billion in the third.



Capital and Financial Account

Capital Account

Capital account transactions were net outflows of \$0.3 billion in the fourth quarter, down from net outflows of \$0.8 billion in the third.

Financial Account

Net recorded financial inflows--net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad--were \$180.9 billion in the fourth quarter, up from \$105.9 billion in the third. Financial inflows for foreign-owned assets in the United States increased much more than financial outflows for U.S.-owned assets abroad.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$51.1 billion in the fourth quarter, compared with an increase of \$13.7 billion in the third.

U.S. claims on foreigners reported by U.S. banks decreased \$39.5 billion in the fourth quarter, following a decrease of \$36.4 billion in the third.

Net U.S. purchases of foreign securities were \$17.0 billion in the fourth quarter, down from \$28.6 billion in the third. Net U.S. purchases of foreign stocks were \$10.0 billion, down from \$30.0 billion. Transactions in foreign bonds shifted to net U.S. purchases of \$7.0 billion from net U.S. sales of \$1.4 billion.

Net financial outflows for U.S. direct investment abroad were \$49.6 billion in the fourth quarter, up from \$42.2 billion in the third. Increases in reinvested earnings and in net equity capital outflows more than offset a shift in intercompany debt to net inflows from net outflows.

U.S. official reserve assets decreased \$2.2 billion in the fourth quarter, in contrast to an increase of \$0.6 billion in the third.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$232.0 billion in the fourth quarter, compared with an increase of \$119.6 billion in the third.

U.S. liabilities to foreigners reported by U.S. banks increased \$36.2 billion in the fourth quarter, following an increase of \$4.8 billion in the third.

Net foreign purchases of U.S. securities other than U.S. Treasury securities rebounded to \$87.5 billion in the fourth quarter, from \$9.6 billion in the third. Transactions in U.S. stocks shifted to net foreign purchases of \$22.7 billion from net foreign sales of \$3.4 billion. Net foreign purchases of U.S.

corporate bonds were \$64.4 billion, up from \$57.5 billion, and transactions in federally sponsored agency bonds shifted to net foreign purchases of \$0.4 billion from net foreign sales of \$44.5 billion.

Net foreign purchases of U.S. Treasury securities were \$20.1 billion in the fourth quarter, down from \$50.2 billion in the third.

Net financial inflows for foreign direct investment in the United States were \$23.2 billion in the fourth quarter, up from \$1.8 billion in the third. The increase was more than accounted for by a shift in intercompany debt to net inflows from net outflows. Net equity capital inflows increased slightly, and reinvested earnings decreased.

Foreign official assets in the United States increased \$64.4 billion in the fourth quarter, following an increase of \$45.3 billion in the third.

Net U.S. currency shipments to foreign countries were \$7.5 billion in the fourth quarter, up from \$2.8 billion in the third.

The statistical discrepancy--errors and omissions in recorded transactions--was a negative \$53.1 billion in the fourth quarter, compared with a positive \$30.2 billion in the third.

In the fourth quarter, the U.S. dollar depreciated 6 percent on a trade-weighted quarterly average basis against a group of 7 major currencies.

The Year 2003

Current Account

The U.S. current-account deficit--the combined balances on trade in goods and services, income, and net unilateral current transfers--increased to \$541.8 billion in 2003 from \$480.9 billion in 2002. An increase in the deficit on goods more than accounted for the increase; an increase in net outflows for unilateral current transfers and a decrease in the surplus on services also contributed to the rise in the deficit. In contrast, the balance on income shifted to a surplus in 2003 from a deficit in 2002.

Goods and services

The deficit on goods and services increased to \$490.2 billion in 2003 from \$418.0 billion in 2002.

Goods The deficit on goods increased to \$549.4 billion in 2003 from \$482.9 billion in 2002.

Goods exports increased to \$713.8 billion from \$681.9 billion. Agricultural and nonagricultural products both increased. More than half of the increase in nonagricultural products was attributable to a rise in nonagricultural industrial supplies and materials; the next largest increase was in consumer goods.

Goods imports increased to \$1,263.2 billion from \$1,164.7 billion. About one-third of the increase was attributable to an increase in petroleum and petroleum products. All major categories of nonpetroleum products increased; the largest increases were in consumer goods and in nonpetroleum industrial supplies and materials.

Services The surplus on services decreased to \$59.2 billion in 2003 from \$64.8 billion in 2002.

Services receipts increased to \$304.9 billion from \$292.2 billion. Increases in "other" private services (such as business, professional, and technical services, and financial services), in royalties and license fees, and in "other" transportation (such as freight and port services) were partly offset by decreases in travel and passenger fares.

Services payments increased to \$245.7 billion from \$227.4 billion. The increase was more than accounted for by increases in "other" private services, in "other" transportation, and in direct defense expenditures.

Income

The balance on income shifted to a surplus of \$16.6 billion in 2003 from a deficit of \$4.0 billion in 2002.

Investment income Income receipts on U.S.-owned assets abroad increased to \$272.3 billion from \$252.4 billion. The increase was more than accounted for by an increase in direct investment receipts.

“Other” private receipts (which consists of interest and dividends) decreased.

Income payments on foreign-owned assets in the United States decreased to \$250.4 billion from \$251.1 billion. Decreases in “other” private payments (which consists of interest and dividends) and in U.S. Government payments were partly offset by an increase in direct investment payments.

Compensation of employees Receipts for compensation of U.S. workers abroad increased slightly to \$3.3 billion from \$3.2 billion. Payments for compensation of foreign workers in the United States increased slightly to \$8.5 billion from \$8.4 billion.

Unilateral current transfers

Unilateral current transfers were net outflows of \$68.3 billion in 2003, up from net outflows of \$58.9 billion in 2002.

Capital and Financial Account

Capital Account

Capital account transactions were net outflows of \$3.1 billion in 2003, up from net outflows of \$1.3 billion in 2002.

Financial Account

Net recorded financial inflows--net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad--were \$579.0 billion in 2003, up from \$528.0 billion in 2002. Financial inflows for foreign-owned assets in the United States increased more than financial outflows for U.S.-owned assets abroad.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$277.7 billion in 2003, compared with an increase of \$179.0 billion in 2002.

U.S. claims on foreigners reported by U.S. banks increased \$24.7 billion in 2003, compared with an increase of \$21.4 billion in 2002.

Transactions in foreign securities shifted to net U.S. purchases of \$64.1 billion in 2003 from net U.S. sales of \$15.8 billion in 2002. Net U.S. purchases of foreign stocks were \$91.3 billion, up from \$17.7 billion. Net U.S. sales of foreign bonds were \$27.2 billion, down from \$33.5 billion.

Net financial outflows for U.S. direct investment abroad were \$154.8 billion in 2003, up from \$137.8 billion in 2002. Increases in reinvested earnings and in net equity capital outflows more than offset a decrease in net intercompany debt outflows.

U.S. official reserve assets decreased \$1.5 billion in 2003, following an increase of \$3.7 billion in 2002.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$856.7 billion in 2003, compared with an increase of \$707.0 billion in 2002.

U.S. liabilities to foreigners reported by U.S. banks increased \$94.5 billion in 2003, following an increase of \$91.1 billion in 2002.

Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$238.7 billion in 2003, down from \$291.5 billion in 2002. Net foreign purchases of U.S. stocks were \$37.2 billion, down from \$55.2 billion. Net foreign purchases of U.S. corporate bonds were \$249.5 billion, up from \$160.0 billion. Transactions in federally sponsored agency bonds shifted to net foreign sales of \$48.1 billion from net foreign purchases of \$76.3 billion.

Net foreign purchases of U.S. Treasury securities were \$139.9 billion in 2003, up from \$96.2 billion in 2002.

Net financial inflows for foreign direct investment in the United States were \$82.0 billion in 2003, up from \$39.6 billion in 2002. An increase in reinvested earnings and a decrease in net intercompany debt outflows more than offset a decrease in net equity capital inflows.

Foreign official assets in the United States increased \$207.7 billion in 2003, following an increase of \$94.9 billion in 2002.

Net U.S. currency shipments to foreign countries were \$16.6 billion in 2003, down from \$21.5 billion in 2002.

The statistical discrepancy--errors and omissions in recorded transactions--was a negative \$34.1 billion in 2003, compared with a negative \$45.9 billion in 2002.

In 2003, the U.S. dollar depreciated 12 percent on a trade-weighted yearly average basis against a group of 7 major currencies.

Revisions

The first three quarters of 2003 were revised to reflect revised seasonal adjustments and, for the third quarter, receipt of new or revised data. In the third quarter, the current-account deficit was revised to \$135.3 billion from \$135.0 billion. The goods deficit was virtually unrevised at \$136.2 billion; the services surplus was revised to \$14.6 billion from \$14.9 billion; the income surplus was revised to \$3.0 billion from \$2.6 billion; and unilateral current transfers were revised to net outflows of \$16.7 billion from net outflows of \$16.3 billion. Net recorded financial inflows were revised to \$105.9 billion from \$123.3 billion. Revisions to the first and second quarters were small.

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Release dates in 2004:

Fourth quarter and year 2003.....	March 12, 2004 (Friday)
First quarter 2004.....	June 18, 2004 (Friday)
Second quarter 2004.....	September 14, 2004 (Tuesday)
Third quarter 2004.....	December 16, 2004 (Thursday)

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(202) 606-5362 U.S. international transactions
-5306 Gross domestic product
-5303 Personal income and outlays

Most of BEA's estimates and analyses are published in the Survey of Current Business, BEA's monthly journal. Subscriptions and single copies of the printed Survey are for sale by the Superintendent of Documents, U.S. Government Printing Office. Internet: <bookstore.gpo.gov>; phone: (202) 512-1800; fax: (202) 512-2250; mail: Stop SSOP, Washington, DC 20402-0001.

Table 1. U.S. International Transactions

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2002	2003 ^P	Change: 2002-2003	2003					Change: 2003 III-IV
					IV	I ^r	II ^r	III ^r	IV ^P	
	Current account									
1	Exports of goods and services and income receipts.....	1,229,649	1,294,236	64,587	311,015	309,869	311,387	323,463	349,517	26,054
2	Exports of goods and services.....	974,107	1,018,693	44,586	246,151	247,388	247,497	254,848	268,958	14,110
3	Goods, balance of payments basis.....	681,874	713,761	31,887	170,840	173,385	174,287	177,777	188,312	10,535
4	Services.....	292,233	304,932	12,699	75,311	74,003	73,210	77,071	80,646	3,575
5	Transfers under U.S. military agency sales contracts.....	11,943	12,716	773	2,989	2,827	3,014	3,384	3,491	107
6	Travel.....	66,547	65,054	-1,493	18,005	16,040	14,494	16,425	18,095	1,670
7	Passenger fares.....	17,046	15,598	-1,448	4,255	3,732	3,452	4,046	4,368	322
8	Other transportation.....	29,166	31,871	2,705	7,682	7,834	7,850	7,812	8,374	562
9	Royalties and license fees.....	44,142	47,870	3,728	11,157	11,624	11,938	12,031	12,277	246
10	Other private services.....	122,594	131,013	8,419	31,022	31,744	32,260	33,170	33,838	668
11	U.S. Government miscellaneous services.....	795	810	15	201	202	203	203	203	....
12	Income receipts.....	255,542	275,543	20,001	64,864	62,481	63,890	68,615	80,559	11,944
13	Income receipts on U.S.-owned assets abroad.....	252,379	272,276	19,897	64,077	61,674	63,076	67,795	79,733	11,938
14	Direct investment receipts.....	142,933	175,481	32,548	38,735	37,076	39,203	43,718	55,486	11,768
15	Other private receipts.....	106,143	92,150	-13,993	24,408	23,700	22,620	22,786	23,044	258
16	U.S. Government receipts.....	3,303	4,645	1,342	934	898	1,253	1,291	1,203	-88
17	Compensation of employees.....	3,163	3,267	104	787	807	814	820	826	6
18	Imports of goods and services and income payments.....	-1,651,657	-1,767,775	-116,118	-424,165	-431,634	-434,165	-442,104	-459,870	-17,766
19	Imports of goods and services.....	-1,392,145	-1,508,857	-116,712	-362,267	-368,936	-371,597	-376,494	-391,828	-15,334
20	Goods, balance of payments basis.....	-1,164,746	-1,263,170	-98,424	-303,081	-309,328	-312,299	-314,025	-327,518	-13,493
21	Services.....	-227,399	-245,687	-18,288	-59,186	-59,608	-59,298	-62,469	-64,310	-1,841
22	Direct defense expenditures.....	-19,245	-23,614	-4,369	-5,193	-5,674	-6,121	-5,934	-5,885	49
23	Travel.....	-58,044	-56,190	1,854	-15,025	-14,106	-12,833	-14,259	-14,992	-733
24	Passenger fares.....	-19,969	-20,564	-595	-5,392	-4,945	-4,705	-5,491	-5,423	68
25	Other transportation.....	-38,527	-45,058	-6,531	-10,271	-10,879	-11,255	-11,313	-11,611	-298
26	Royalties and license fees.....	-19,258	-19,881	-623	-4,592	-4,707	-4,706	-5,181	-5,285	-104
27	Other private services.....	-69,436	-77,376	-7,940	-17,984	-18,552	-18,929	-19,538	-20,357	-819
28	U.S. Government miscellaneous services.....	-2,920	-3,004	-84	-729	-745	-749	-753	-757	-4
29	Income payments.....	-259,512	-258,918	594	-61,898	-62,698	-62,568	-65,610	-68,042	-2,432
30	Income payments on foreign-owned assets in the United States.....	-251,108	-250,390	718	-59,771	-60,515	-60,449	-63,533	-65,894	-2,361
31	Direct investment payments.....	-49,458	-71,532	-22,074	-12,510	-15,419	-17,414	-19,048	-19,652	-604
32	Other private payments.....	-127,735	-112,466	15,269	-29,648	-28,245	-26,769	-28,154	-29,298	-1,144
33	U.S. Government payments.....	-73,915	-66,392	7,523	-17,613	-16,851	-16,266	-16,331	-16,944	-613
34	Compensation of employees.....	-8,404	-8,528	-124	-2,127	-2,183	-2,119	-2,077	-2,148	-71
35	Unilateral current transfers, net.....	-58,853	-68,291	-9,438	-15,436	-17,391	-17,062	-16,651	-17,188	-537
36	U.S. Government grants.....	-17,097	-21,833	-4,736	-4,338	-5,813	-5,654	-5,543	-4,823	720
37	U.S. Government pensions and other transfers.....	-5,125	-5,341	-216	-1,292	-1,320	-1,335	-1,334	-1,352	-18
38	Private remittances and other transfers.....	-36,631	-41,117	-4,486	-9,806	-10,258	-10,073	-9,774	-11,013	-1,239

Table 1. U.S. International Transactions (Continued)

[Millions of dollars, quarters seasonally adjusted]

	(Credits +, debits -)	2002	2003 ^P	Change: 2002-2003	2002		2003			Change: 2003 III-IV
					IV	I ^r	II ^r	III ^r	IV ^P	
Capital and financial account										
Capital account										
39	Capital account transactions, net.....	-1,285	-3,050	-1,765	-358	-388	-1,553	-818	-291	527
Financial account										
40	U.S.-owned assets abroad, net (increase/financial outflow (-)).....	-178,985	-277,704	-98,719	-44,902	-100,710	-112,197	-13,696	-51,105	-37,409
41	U.S. official reserve assets, net.....	-3,681	1,523	5,204	-812	83	-170	-611	2,221	2,832
42	Gold.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
43	Special drawing rights.....	-475	601	1,076	-127	897	-102	-97	-97	.....
44	Reserve position in the International Monetary Fund.....	-2,632	1,494	4,126	-541	-644	86	-383	2,435	2,818
45	Foreign currencies.....	-574	-572	2	-144	-170	-154	-131	-117	14
46	U.S. Government assets, other than official reserve assets, net.....	-32	700	732	-180	-70	427	483	-140	-623
47	U.S. credits and other long-term assets.....	-5,611	-6,984	-1,373	-2,818	-2,578	-1,454	-1,532	-1,420	112
48	Repayments on U.S. credits and other long-term assets.....	5,684	7,812	2,128	2,672	2,472	1,955	2,035	1,350	-685
49	U.S. foreign currency holdings and U.S. short-term assets, net.....	-105	-128	-23	-34	36	-74	-20	-70	-50
50	U.S. private assets, net.....	-175,272	-279,927	-104,655	-43,910	-100,723	-112,454	-13,568	-53,186	-39,618
51	Direct investment.....	-137,836	-154,761	-16,925	-31,670	-33,784	-29,242	-42,160	-49,579	-7,419
52	Foreign securities.....	15,801	-64,121	-79,922	-5,364	-27,146	8,654	-28,616	-17,013	11,603
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	-31,880	-36,349	-4,469	-1,922	-11,998	-19,101	20,805	-26,055	-46,860
54	U.S. claims reported by U.S. banks, not included elsewhere.....	-21,357	-24,696	-3,339	-4,954	-27,795	-72,765	36,403	39,461	3,058
55	Foreign-owned assets in the United States, net (increase/financial inflow (+)).....	706,983	856,660	149,677	197,448	242,096	262,911	119,626	232,031	112,405
56	Foreign official assets in the United States, net.....	94,860	207,665	112,805	32,210	40,978	57,000	45,289	64,398	19,109
57	U.S. Government securities.....	73,521	153,261	79,740	33,258	31,768	38,639	20,718	62,136	41,418
58	U.S. Treasury securities.....	43,144	128,466	85,322	27,630	22,288	35,349	17,378	53,451	36,073
59	Other.....	30,377	24,795	-5,582	5,628	9,480	3,290	3,340	8,685	5,345
60	Other U.S. Government liabilities.....	137	-562	-699	-95	-437	-16	-41	-68	-27
61	U.S. liabilities reported by U.S. banks, not included elsewhere.....	17,594	49,633	32,039	-2,094	8,321	17,628	23,166	518	-22,648
62	Other foreign official assets.....	3,608	5,333	1,725	1,141	1,326	749	1,446	1,812	366
63	Other foreign assets in the United States, net.....	612,123	648,995	36,872	165,238	201,118	205,911	74,337	167,633	93,296
64	Direct investment.....	39,633	81,982	42,349	15,281	34,478	22,483	1,839	23,186	21,347
65	U.S. Treasury securities.....	96,217	139,863	43,646	12,705	14,568	55,037	50,203	20,055	-30,148
66	U.S. securities other than U.S. Treasury securities.....	291,492	238,652	-52,840	66,964	55,574	85,964	9,628	87,486	77,858
67	U.S. currency.....	21,513	16,640	-4,873	7,249	4,927	1,458	2,768	7,487	4,719
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	72,142	77,352	5,210	8,863	74,848	4,147	5,140	-6,783	-11,923
69	U.S. liabilities reported by U.S. banks, not included elsewhere.....	91,126	94,506	3,380	54,176	16,723	36,822	4,759	36,202	31,443
70	Statistical discrepancy (sum of above items with sign reversed).....	-45,852	-34,076	11,776	-23,602	-1,842	-9,321	30,180	-53,094	-83,274
Memoranda:										
71	Balance on goods (lines 3 and 20).....	-482,872	-549,409	-66,537	-132,241	-135,943	-138,012	-136,248	-139,206	-2,958
72	Balance on services (lines 4 and 21).....	64,834	59,245	-5,589	16,125	14,395	13,912	14,602	16,336	1,734
73	Balance on goods and services (lines 2 and 19).....	-418,038	-490,164	-72,126	-116,116	-121,548	-124,100	-121,646	-122,870	-1,224
74	Balance on income (lines 12 and 29).....	-3,970	16,625	20,595	2,966	-217	1,322	3,005	12,517	9,512
75	Unilateral current transfers, net (line 35).....	-58,853	-68,291	-9,438	-15,436	-17,391	-17,062	-16,651	-17,188	-537
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75).....	-480,861	-541,830	-60,969	-128,586	-139,156	-139,840	-135,292	-127,541	7,751

^r Revised. ^P Preliminary.

NOTE: Details may not add to totals because of rounding. Source: U. S. Bureau of Economic Analysis